

March 10, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE BUDGET UPDATE

Mid Year Budget Reductions

Today the Assembly approved the three bills containing mid-year budget reductions approved by the Senate on February 24, 2003, after they were amended to de-link them from ABX1 4, the VLF trigger bill. According to the bill summaries, the bills will save \$3.5 billion in the current year and \$8.5 billion in the budget year. However, the estimates may include savings from eliminating the VLF backfill in the budget year. The bills passed easily on a bipartisan vote. In presenting the bills, the Chair of the Budget Committee, Jenny Oropeza, said she believes that the conditions for pulling the trigger to increase the VLF have been met, which Assembly Democrats had insisted upon before approving the budget reductions. Assembly Republicans warned that if the VLF trigger is pulled, there will be a legal challenge. The Senate adjourned until Thursday without taking up the amended bills which are essentially unchanged from when they passed the Senate.

Legislative Hearings

Realignment Hearings

A series of informational hearings on the Governor's Realignment Proposal are scheduled for the week of March 10, 2003. The first hearing, which will be held today by Assembly Budget Subcommittee No. 1, will be an overview of the health proposals. On March 11 and 12, a Joint Hearing of Assembly Human Services and the Senate Health and Human Services Committees and Assembly Budget Subcommittee No. 1 will discuss the human services proposals. Representatives from the Department of Finance, the Legislative Analyst's Office and various provider groups will testify.

Each Supervisor
March 10, 2003
Page 2

Budget Hearings

The Assembly and Senate Budget subcommittees have begun hearings on the Governor's 2003-04 Budget. While subcommittees will meet weekly, it is unlikely any major decisions will be made prior to the release of the Governor's May Revision.

We will continue to keep you advised.

DEJ:GK
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 County Counsel
 Local 660
 All Department Heads
 Legislative Strategist
 Coalition of County Unions
 California Contract Cities Association
 Independent Cities Association
 League of California Cities
 City Managers Associations
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